

**CALENDAR ITEM
C29**

A 17,26

12/14/06

PRC 5438.1

PRC 2953.1

J. McComas

S 5,14

**AMENDMENT TO MASTER LEASE NO. PRC 5438.1
(AMENDMENT NO. 15) AND ISSUANCE OF A NEW
GENERAL LEASE – RIGHT OF WAY USE**

LESSEE:

Pacific Gas and Electric Company
77 Beale Street
San Francisco, California 94106

APPLICANT:

Vintage Production California LLC
9600 Ming Avenue, Suite 300
Bakersfield, California 93311

AREA, LAND TYPE, AND LOCATION:

Master Lease:

Various rivers, sloughs and creeks located throughout the State.

New Lease:

0.07 acres, more or less of sovereign lands in the San Joaquin River, near the city of Lathrop, San Joaquin County.

AUTHORIZED USE:

New Lease:

Use and maintenance of an existing eight-inch natural gas gathering pipeline as shown on Exhibit A.

LEASE TERM:

Master Lease:

20 years, beginning January 1, 1978, with two 10-year renewal options. A new lease is currently being negotiated. The existing lease is in holdover.

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New Lease:

25 years, beginning December 14, 2006.

CONSIDERATION:

New Lease:

\$100 per year, with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

SPECIFIC NEW LEASE PROVISIONS:

Liability Insurance: Combined single limit coverage of no less than \$1,000,000 or an equivalent self insurance program upon approval of Commission staff to satisfy insurance requirements

Bond: \$20,000

PROPOSED AMENDMENT OF EXISTING MASTER LEASE NO. PRC 5438.1:

Delete a parcel of land with an existing eight-inch natural gas gathering pipeline, known as Line 304 and described as Exhibit "A-54". All other terms and conditions of the lease shall remain in effect without amendment.

OTHER PERTINENT INFORMATION:

1. Applicant has the right to use the uplands adjoining the lease premises.
2. On October 25, 1962, the Commission authorized a Gas Line Easement to Pacific Gas and Electric Company (PG&E) for the eight-inch natural gas pipeline (line 304). On January 26, 1978, the Commission authorized a Master Lease No. PRC 5438.1 to PG & E that incorporated various gas pipelines throughout the State into one lease. That lease has expired and a new Master Lease is being negotiated. The existing Master Lease is in holdover status.
3. PG&E has sold its line 304 to Vintage Production California LLC which is applying for a new General Lease-Right of Way Use.
4. Line 304 is a gathering pipeline and does not appear to fall within the jurisdiction of any pipeline regulators because it is in a rural area; however, the pipeline is cathodically protected and no violations have been reported.
5. **Amendment to Master Lease:**
Pursuant to the Commission's delegation of authority and the State CEQA

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Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

6. New Lease:

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; Title 2, California Code of Regulations, section 2905 (a)(2).

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15300 and Title 2, California Code of Regulations, section 2905.

7. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

APPROVALS OBTAINED:

California Public Utilities Commission

EXHIBITS:

- A. Site and Location Map
- B. Land Description (also referred to as Exhibit "A-54")

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

AMENDMENT TO MASTER LEASE:

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3)

CALENDAR ITEM NO. **C29** (CONT'D)

BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

NEW LEASE:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 AS A CATEGORICALLY EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES; TITLE 2, CALIFORNIA CODE OF REGULATIONS, SECTION 2905 (a)(2).

SIGNIFICANT LANDS INVENTORY FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

AUTHORIZATION:

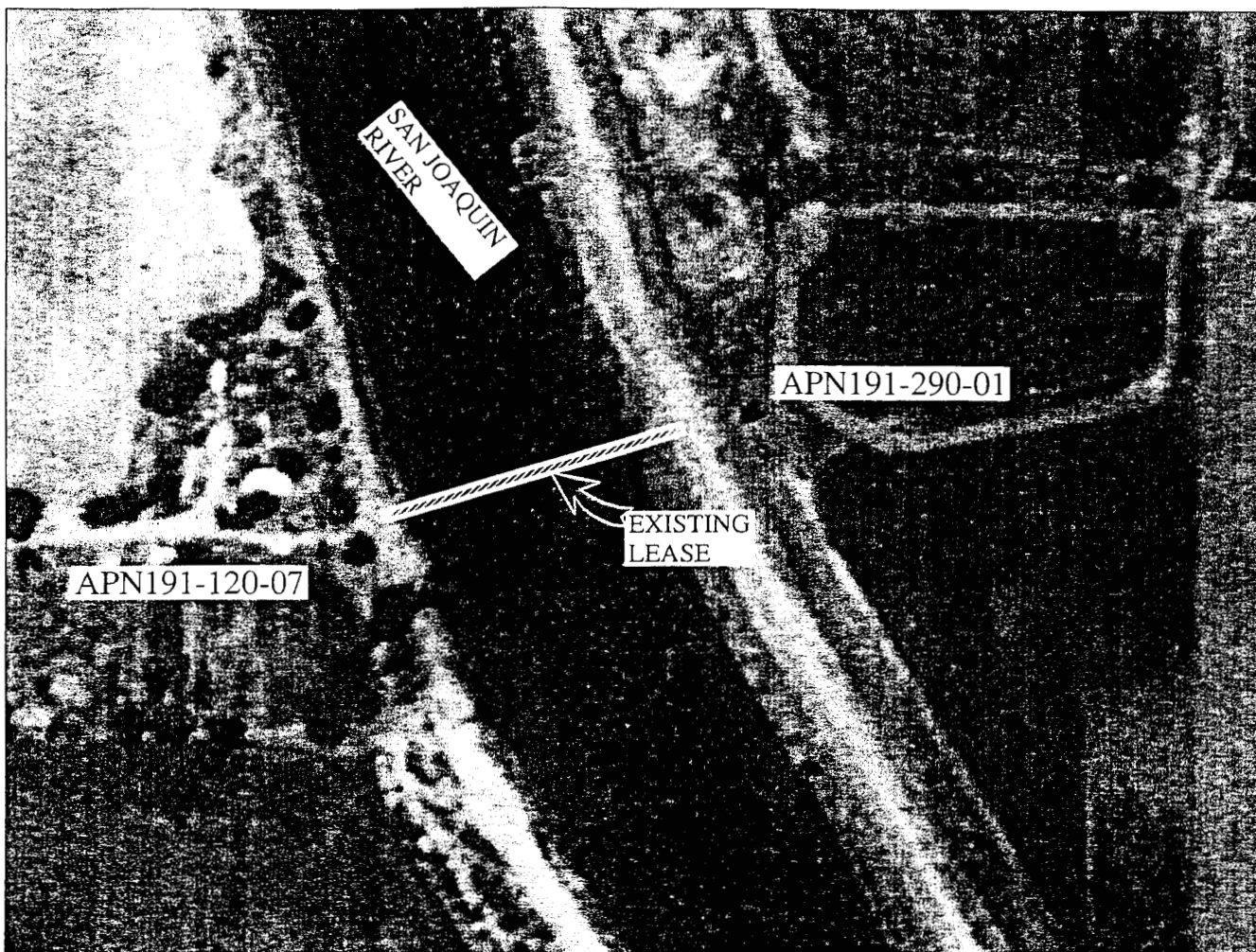
1. AUTHORIZE THE AMENDMENT OF MASTER LEASE NO. PRC 5438.1 A GENERAL LEASE – RIGHT OF WAY USE, OF LANDS AS SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF, EFFECTIVE DECEMBER 14, 2006, TO DELETE A PARCEL OF SOVEREIGN LANDS FROM THE MASTER LEASE, DESCRIBED IN THE MASTER LEASE AS EXHIBIT 'A-54', AND INCORPORATE IT INTO THE NEW LEASE; ALL OTHER TERMS AND CONDITIONS OF THE LEASE WILL REMAIN IN EFFECT WITHOUT AMENDMENT.
2. AUTHORIZE ISSUANCE TO VINTAGE PRODUCTION CALIFORNIA LLC, OF A NEW GENERAL LEASE – RIGHT OF WAY USE BEGINNING DECEMBER 14, 2006, FOR A TERM OF 25 YEARS, FOR THE USE AND MAINTENANCE OF AN EXISTING EIGHT-INCH NATURAL GAS GATHERING LINE ACROSS THE SAN JOAQUIN RIVER, NEAR THE CITY OF LATHROP, SAN JOAQUIN COUNTY, ON THE LANDS SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; ANNUAL RENT IN THE AMOUNT OF \$100, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE, LIABILITY INSURANCE COVERAGE FOR COMBINED SINGLE LIMIT COVERAGE OF NO

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LESS THAN \$1,000,000; OR AN EQUIVALENT SELF
INSURANCE PROGRAM UPON APPROVAL OF COMMISSION
STAFF TO SATISFY INSURANCE REQUIREMENTS AND A
SURETY BOND IN THE AMOUNT OF \$20,000.

NO SCALE

SITE

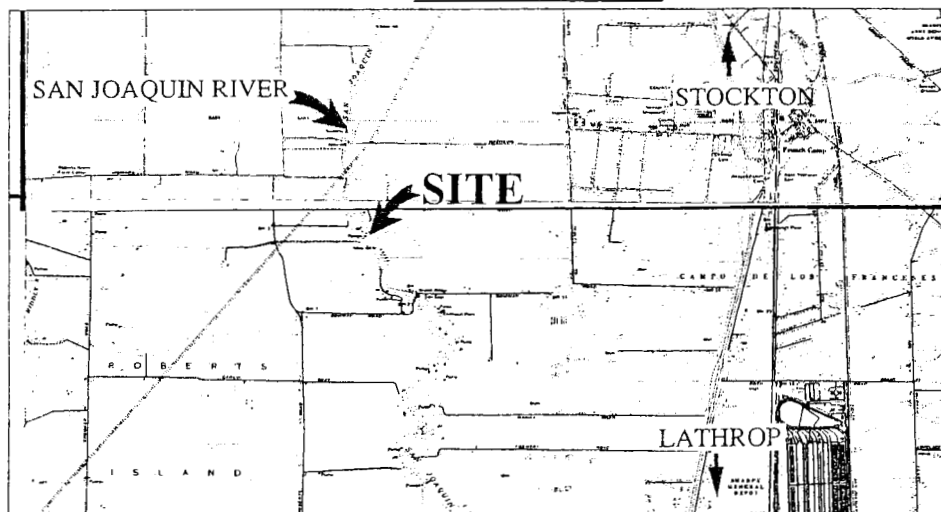


SAN JOAQUIN RIVER
NORTHEAST OF LATHROP

MAP SOURCE: DOQ

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

000138
CALENDAR PAGE

092312
MINUTE PAGE

Exhibit A

PRC2953.1

VINTAGE PETROLEUM LLC
GENERAL LEASE
RIGHT OF WAY
NEAR LATHROP
SAN JOAQUIN COUNTY



HUSTEAD 11/2/06

EXHIBIT B

W 21563
(PRC 2953.1)

A strip of tide and submerged land 10 feet wide, across the San Joaquin River, San Joaquin County, California, said strip lying 5 feet on each side of the following described centerline:

BEGINNING at a point which bears N 81° 48' E, 5611.4 feet from Triangulation Station "Muri 1933" said station having California Coordinate System Zone III coordinates of X = 1,755,215.67 and Y = 499,294.81; thence from said point of beginning N 73° 34' 30" E, 300 feet to the end of the herein described centerline.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water marks of the San Joaquin River.

END OF DESCRIPTION

Prepared Frank T. Carg Checked J. K. Jering
Reviewed H. H. Runnecke Date 3/7/78